



Amy G. Rabinowitz
Counsel

November 14, 2003

Mary L. Cottrell, Secretary
Department of Telecommunications and Energy
One South Station
Boston, MA 02110

Re: Default Service Adjustment Provision; D.T.E. _____

Dear Secretary Cottrell:

Massachusetts Electric Company and Nantucket Electric Company (collectively "Companies") respectfully request approval of the attached revised Default Service Adjustment Provision. The Companies request that the Department approve this proposed tariff effective December 1, 2003.

The Companies have revised this tariff from the tariff filed on October 9, 2003 in order to more specifically set forth the costs that the Companies may collect under it. As revised, the tariff now makes clear that the Companies can recover payments to Default Service suppliers, including the Independent System Operator-New England ("ISO-NE") for procuring Default Service power, and the cost of acquiring renewable energy certificates or remitting Alternate Compliance Payments to comply with the renewable portfolio standards established in Mass. Gen. Laws c. 25A, § 11F and 220 C.M.R. 14.00 et seq. This proposed Default Service Adjustment Provision does not state, as the Companies October 9, 2003 proposal did, that the Companies may collect costs related to compliance with current or future statutes, rules, or regulations which confer an obligation upon the Companies directly related to the Companies' obligation to provide Default Service, and any other third-party costs reasonably incurred and directly related to the Company's obligation to provide Default Service, including the ISO-NE. The Companies will propose recovery of these costs to the Department at the appropriate time in the future.

For your convenience, I am enclosing both clean and redlined versions of this tariff. The redlined version shows how the Companies have revised the Default Service Adjustment Provision from the filing we made on October 9, 2003 in this docket.

Thank you very much for your time and attention to this matter.

Very truly yours,

Amy G. Rabinowitz

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MASSACHUSETTS ELECTRIC COMPANY
NANTUCKET ELECTRIC COMPANY
DEFAULT SERVICE ADJUSTMENT PROVISION

The prices for Retail Delivery Service contained in all the rates of the Company are subject to adjustment to reflect the costs incurred by the Company in arranging Default Service, which costs are not recovered from Customers through the Default Service rate charged to Default Service Customers.

On an annual basis, the Company shall reconcile its total cost of providing Default Service supply against its total Default Service revenue, and the excess or deficiency shall be refunded to, or collected from, all of the Company's retail delivery service customers on a per kilowatt-hour basis over the following 12 months, with interest. Such per kWh charge or credit is referred to as the Default Service Adjustment Factor.

For purposes of the above reconciliation, total Default Service revenues shall mean all revenue billed by the Company to Default Service customers through the Default Service rates for the applicable 12-month reconciliation period. The cost of providing Default Service shall mean the cost incurred by the Company in providing Default Service, which shall include payments to Default Service suppliers, including the Independent System Operator-New England ("ISO-NE") for procuring Default Service power, and the cost of acquiring renewable energy certificates or remitting Alternate Compliance Payments to comply with the renewable portfolio standards established in Mass. Gen. Laws c. 25A, § 11F and 220 C.M.R. 14.00 et seq.

Should any balance remain outstanding subsequent to the refund or recovery of over or under collections as described above, the Company shall reflect as an adjustment in the current reconciliation period the amount of the outstanding balance.

Each adjustment of the prices under the Company's applicable rates shall be in accordance with a notice filed with the Department of Telecommunications and Energy (the Department) setting forth the amount of the increase or decrease and the new Default Service Adjustment amount. The notice shall further specify the effective date of such adjustment, which shall not be earlier than thirty days after the filing of the notice, or such other date as the Department may authorize.

This provision is applicable to all Retail Delivery Service rates of the Company. The operation of this Default Service Adjustment clause is subject to Chapter 164 of the General Laws.

Effective December 1, 2003

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NANTUCKET ELECTRIC COMPANY
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Deleted: compliance with current or future statutes, rules or regulations which confer an obligation upon the Company that is directly related to the Company's obligation to provide Default Service, and any other third-party costs reasonably incurred and directly related to the Company's obligation to provide Default Service, including the ISO-NE.¶

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Effective December 1, 2003